

3 FAH-1 H-3820 STUDENT LOAN REPAYMENT PROGRAM

*(CT:POH-114; 06-29-2005)
(Office of Origin: HR/ER)*

3 FAH-1 H-3821 THE APPLICATION PROCESS

*(CT:POH-114; 06-29-2005)
(State only)
(Applies to Foreign Service and Civil Service)*

Employees who wish to be considered may only apply during announced application periods and must submit program-specific forms and supporting documentation in order to be considered. The HR website, is the best source of information. Employee Relations also recommends that employees subscribe to Student Loan Repayment Program (SLRP) Listserv, the bulletin board used by HR/ER to post messages of general interest regarding the program. *To subscribe, go to List Archives on the A/LM web site and scroll down until you reach the SLRP list and then follow the instructions.*

3 FAH-1 H-3821.1 “Open Season” Application Periods

*(CT:POH-114; 06-29-2005)
(State only)
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Application packages will only be reviewed and processed during announced “open season” application periods. Applications received at times other than during the announced periods will not be considered. “Open Seasons” will be widely announced by Department Notices and cables.

3 FAH-1 H-3821.2 Forms Required

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(State only)
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Employees seeking eligibility must

- (1) Complete Sections 100, 200, and 300 of Form DS-4037, Eligibility Worksheet.. The purpose of the worksheet is to assist employees in determining if they are potentially eligible to apply. All sections of

the Eligibility Worksheet must be provided as a part of the SLRP application package.

- (2) Complete the Form DS-4038, Request for Consideration and provide documentation to support qualifying loan and position eligibility, as applicable. For instance, a current loan statement, or statements should indicate, reflect the name of the borrower, type of loan being repaid, and outstanding loan balance.
- (3) Complete Form DS-4039, Service Agreement, as applicable. Employees applying for the first time must agree to a three-year service commitment with the Department of State. Those employees benefiting for more than two years are required to agree to one additional year of service for each year of incentive repayment. Those qualifying for a second year and still covered the initial three-year commitment period are not required to submit a Service Agreement.
- (4) Submit the three forms, with requested supporting documentation, to HR/ER, no later than the last day of any designated "open season" in order to be considered. Documentation received in HR/ER after that day will not be considered.

NOTE: HR/ER will acknowledge all submissions via email after receipt and review of the application package. A list of any incomplete or missing forms or supporting documentation will be provided as a part of that same notification. Employees will also be informed when all internal checks have been conducted and they have qualified.

3 FAH-1 H-3822 THE APPLICATION REVIEW PROCESS

(CT:POH-114; 06-29-2005)

(State only)

(Applies to Foreign Service and Civil Service)

After receipt of a complete application package consisting of Form DS-4037, Form DS-4038, and Form DS-4039 and required supporting documentation, HR/ER will initiate the following

- Verify that each applicant encumbers a pre-qualifying position or is assigned to a pre-qualifying post, and is not in leave without pay (LWOP) status
- For Civil Service employees, request HR/CSP verify that the applicant has received at least a fully satisfactory rating on their most recent performance evaluation report. Any rating of less than satisfactory would render the employee ineligible to participate

- For Foreign Service employees. Determine from HR/PE if any employee has been referred to the Performance Standards Board directly (but not as a result of the automatic referral of two low rankings in two years.) Such action would render the employee ineligible to participate
- For both Civil Service and Foreign Service employees. Determine from HR/CSD if any applicant has had disciplinary action resulting in a suspension of more than five days during the past two years. Such disciplinary action would render the employee ineligible until two years following the period of suspension
- Maintain a database on all aspects of employee eligibility, including but not limited to, basis for eligibility, types of qualifying loans, amount of current loan balance(s), list of lenders, amount of lump sum funding obligated, service agreement commitment dates, etc

3 FAH-1 H-3823 THE PAYMENT PROCESS

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(State only)

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Payments (when funding permits) are made only once a year. The amount of any lump sum payment is determined by funding levels available and the projected number of employees qualified. The announcement of the annual lump sum amount is released as soon as possible, either before the start of the application period, or shortly thereafter when eligibility can be measured. Applications are not processed individually. Program complexity and volume require applications to be batch-processed. HR/ER requests RM/IFS/CFSC/APPO to initiate incentive payments on one batch of qualified employees at the close of each application period. A "batch" consists of several hundred approved applications. The Charleston Financial Service Center will:

- Process the incentive as a supplemental payment. See OPM website (student loans) for clarification of agency tax requirements
- Pay the employer's share of Social Security and Medicare taxes
- Withhold and pay appropriate federal and state tax (using the flat rate of 25% of the supplemental wages) and employee's share of Social Security and Medicare taxes
- Instruct Department of Treasury to process payments via either electronic fund transfers or checks to employees' respective lenders or loan servicing organizations
- Report the amount of the gross and net payment, taxes and other

withholdings to the employee through their Earnings and Leave Statement

- Record the SLRP payment as a supplemental payment on each qualified employee's Form W-2

3 FAH-1 H-3824 SERVICE COMMITMENT

3 FAH-1 H-3824.1 Determining Effective dates

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(State only)

(Applies to Foreign Service and Civil Service)

- a. The Department's policy indicates that employees may receive up to two consecutive years of benefits without any additional service commitment beyond the initial three years. Benefits after two years, however, will require one year of service commitment for each year of payment.
- b. The effective date of the initial three-year commitment is pegged to the last day of the "open season" application period when the employee applied *and* was qualified. In most instances employees who apply are qualified in the same application period. However, in some situations, employees are not able to qualify until after the first application period but are able to establish eligibility before the end of the last application period. Their service agreement, therefore, would reflect the last day of the last application period and three years hence, for purposes of service commitment.
- c. In many instances, employees will continue to benefit year-after-year because they encumber positions that continue to be pre-qualifying. In those cases their service commitment dates will continue to be extended one year each time they apply. There are exceptions, however. Foreign Service employees, for instance, transfer routinely between qualifying and non-qualifying posts. In these cases there would be inconsistency in eligibility and therefore the one-year service commitments would not apply in any particular order. Determining their commitment dates, however, would likewise be determined by the application period in which they qualified as described above, and twelve months hence.

3 FAH-1 H-3824.2 Impact of Leave Without Pay (LWOP) Status

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(State only)

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The period of service commitment may be extended when an employee is in LWOP status. Every employee, as a condition of eligibility in executing the Form DS-4039, Service Agreement, is required to notify the Office of Employee Relations (HR/ER) of LWOP periods taken or to be taken. In most instances, an employee's service commitment will be extended by the equal number of days in non-pay LWOP status. The Department, however, will consider exceptions to this requirement for returning reservists who are covered under the Uniformed Services Employment and Reemployment Rights Act (USEERA) and its implementing regulations, 5 CFR Part 353.

3 FAH-1 H-3824.3 Relationship to other recruitment or retention incentives

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(State only)

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The Department may pay a student loan repayment incentive in addition to a retention incentive/allowance, or recruitment and/or relocation bonus. The period of service required by a Recruitment Bonus Service Agreement or a Relocation Bonus Service Agreement is exclusive from the period of service required under a Student Loan Repayment Service Agreement. However, the specified period of service in a Student Loan Repayment Service Agreement may run concurrently with other service agreements.

3 FAH-1 H-3824.4 Non-Compliance with Service Commitment

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The Office of Employee Relations (HR/ER) will notify the employee in writing of their specific repayment obligation when informed that the employee will or has voluntarily resigned or retired (see 3 FAM 3824.2). In most instances, the indebtedness will be the total of all funds obligated less OASDI and Medicare contributions. These contributions can be adjusted internally. When the indebtedness is repaid in full, the Office of Resource Management (HR/RMA) will provide the employee with a letter of credit that permits the employee to establish eligibility for potential tax refunds associated with the earlier loan repayment.

3 FAH-1 H-3824.4-1 Waiver Authority and Process

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The Director General of the Foreign Service and Director of Human Resources is responsible for determining if it is against equity and good conscience or contrary to the public interest to waive recovery of the loan repayment amount when an employee does not complete the period of the service agreement. Employees seeking waivers of repayment of indebtedness under this program must make such requests in writing to the Director General. Any request should contain a copy of the Service Agreement, a statement as to why recovery by the Department would be against equity and good conscience or against the public good. Any collection of debt initiated by HR/ER or RM/IFS/CFSC/APPO (Payroll) will be suspended pending the decision on the waiver request.

3 FAH-1 H 3825 THROUGH 3829 UNASSIGNED